



**Energia response to SEMC Consultation
Paper SEM-19-050**

***Trading and Settlement Code Scheduling and
Dispatch Parameters for 2020 Consultation Paper***

14 October 2019

1. Introduction

Energia welcomes the opportunity to respond to the SEMC Consultation Paper SEM/19/050 titled “Trading and Settlement Code Scheduling and Dispatch Parameters for 2020 Consultation Paper” (the “Consultation Paper”).

We have outlined our comments in relation to the Consultation Paper below in General Comments and Conclusion sections respectively.

2. General Comments

The Consultation Paper outlines a minded to position from the RAs for both the Long Notice Adjustment Factor (LNAF) and System Imbalance Flattening Factor (SIFF) parameters to remain at zero for 2020. This position is based on TSO analysis and recommendation for the parameters to remain at zero. Having reviewed the analysis carried out by the TSO, and in the context of new market arrangements that have only been in place for one year, Energia support both the TSO and RA recommendation to keep LNAF and SIFF at zero for 2020.

TSO Analysis

The TSO has carried out detailed and comprehensive analysis on any requirement for LNAF and SIFF values to be introduced. The conclusions of this analysis provide no immediate requirement for a value to be placed on these parameters given the operation of the market to date. Furthermore it outlines potential unintended consequences of doing so. This rationale includes:

- A potential increase in Dispatch Balancing Costs given the ratio of non-energy to energy volume actions in a trading day;
- Additional complexity to the scheduling process that could lead to longer solve times and accordingly a negative impact on the production of operational schedules in a timely manner;
- A reduction in the availability of spare short notice units and thus pressure on meeting the replacement reserve requirement margin for scarcity purposes;
- Limited requirement for the introduction of values to the parameters given the sufficient level of sell offers and liquidity in Intra Day markets.

Energia are of the view that the analysis supports keeping the parameters at zero.

3. Conclusion

In summary Energia recommend keeping the LNAF and SIFF parameters at zero for 2020. As outlined in the TSO analysis, the introduction of values for these parameters could potentially reduce reserves (which could then have an impact on security of supply) and lead to increased costs. Given that there is no justification for introducing these changes at this time in relatively new market arrangements, it is prudent to keep these parameters at zero and review again at a future date.